



Transportation Earmarks Fact Sheet

CURRENT & PROPOSED TRANSPORTATION FUNDING

(Millions)

| | FY 2014 | FY2015 | FY2016 |
|---|---------|---------|---------|
| Transportation Investment Fund (New Capacity) | \$537 | \$585 | \$632 |
| Transportation Fund (Operations and Maintenance) | \$438 | \$441 | \$447 |
| Federal Funds | \$307 | \$307 | \$307 |
| Total – Current law | \$1,282 | \$1,333 | \$1,386 |
| Total – Governor's budget | \$1,282 | \$1,333 | \$1,292 |

- The Governor's budget proposal includes a continued, significant investment in transportation funding at nearly \$1.3 billion. Under current law and with no change in earmarks, transportation funding equates to nearly \$1.4 billion.
- Sales tax increases have grown steadily in recent years and growth is projected to continue. Based on this expected growth, the proposed earmark reduction of \$94 million from the Transportation Investment Fund sets FY 2016 new capacity funding at basically the same level as FY 2014.
- Transportation funding from sales tax revenues have grown from 19% in FY 2008 to 37% in FY 2016 while fuel tax revenues for the same period have fallen from 30% to 26%.
- Even after returning \$94 million to the General Fund, transportation earmarks will continue to account for 18% of total state sales tax revenues and funding for transportation new capacity will continue to grow.
- The Governor's budget proposal brings transportation sales tax earmarks closer to the approximately 17% generated annually by the sales tax assessed on vehicles and vehicle-related products.
- The projected FY 2016 Transportation Investment Fund year-end balance is nearly \$300 million.
- No currently programmed transportation projects will be impacted by the change in funding.
- Legislative support for a sustainable long-term transportation funding plan has been building.

- There are many other state needs dependent on sales tax revenues.
- The Department of Transportation has capacity to handle this funding reallocation based on the following factors:
 - A Provo transportation settlement of \$15 million has not been programmed.
 - The use of Critical Chain Project Management (CCPM) is forecast to create significant savings over time. A CCPM pilot project is currently scheduled for Southern Utah.
 - Approximately \$145 million of federal funds could be used for new capacity projects as needed (this use of federal funds would result in a reduction of funding for transportation maintenance/preservation).
 - Retired risk amounts of approximately \$35 million (the industry standard is currently 9%) and other operational excellence reforms will result in increased internal capacity.